

February 20, 1975

I didn't feel that Mr. Rhunke's opposition was entirely coherent or sincere. He indicated that he felt the affect of this bill would be to permit taking all homes off the tax rolls altogether. It was an extravagant position and understanding of the bill and probably the farthest thing from the intent. At any rate, the amendments to the bill are perhaps clear, and I would think that even Mr. Rhunke would want to reconsider his position. There is no way that you can prove that there will be a net tax loss in revenue to the counties the way this bill is designed. This bill would allow for tax relief for up to five years on the increased valuation of structures of single-family dwelling homes. What that means is exactly as I explained to Senator Nichol. If you have a \$15,000 home, you put a \$1,000 improvement on it, it is then valued at \$16,000, you will not be taxed for up to five years, as the Legislature will determine, on the difference in that value. You would still be paying the exact mill levy on \$15,000. But if the Legislature were to determine, under the powers of this amendment, that you should not be assessed that same mill levy on the \$1,000 of improvement for a period of one to five years. That is the relief that you would have. After that period of time had expired you would then be paying the entire mill levy on the \$16,000. Now I don't think that the counties can demonstrate in any realistic manner that at the end of whatever time period the Legislature sets on this bill, that they are not going to have a real increase in the assessed value of the properties existent within their county. In fact, I think that the contrary would be true. They would have a real increase on the assessed value, and therefore, an increase in tax revenues after the time period had expired on the moratorium on the tax. On a . . . this isn't going to be on a lump sum basis. You're going to grant this relief on the basis of when the improvement is made. Continually you will be increasing the assessed value. Although, you won't be taxing on it for a limited period of years, you are encouraging this activity to transpire. You are therefore encouraging an increase in the net assessed value of the properties within your county and the result can only be an increase in the tax revenues to be derived on that assessed value. Mr. Rhunke's argument is founded in misconception and proceeds to basis untruth. Although, I haven't discussed it with him since the amendments, I would fully expect from what he expressed at the committee that he should endorse this bill as it currently is. I can't see any way that the state could say we have decreased the taxing ability of the counties. We are increasing it. We are increasing the wealth the counties will have because we are eliminating and antiquated and discriminatory tax system which discourages improvement and therefore discourages increase in assessed value, and, in fact, encourages a decline of assessed value which necessitates all the other programs that we have subsequently generate regarding deteriorated housing. This encourages Federal expenditures to get at this problem of deteriorated housing and to provide reasonable living standard housing, conditions and to pump money in to do that. Here you're going to be relying on private money, private investment. The only thing that you're going to do is place a temporary moratorium on the burden that the person has to carry for